

Crop Insurance News

Revenue Insurance for Diversified Farms

New Hampshire producers have until January 31 to take advantage of one of two insurance products that allow them to protect their gross revenue from farming. The Adjusted Gross Revenue (AGR) insurance program is an ongoing pilot program which protects farmers against loss of revenue due to unavoidable natural disasters and market fluctuations. Covered farm revenue includes income from most crops and commodities. Incidental income from livestock and livestock products (up to 35% of farm revenue) is also covered.

The key concept behind Adjusted Gross Revenue is to provide revenue coverage for the whole farm in one policy. The guaranteed revenue for the insurance period is based on past IRS tax information. At application, a producer selects a coverage level and a payment rate. Payment is made when adjusted gross income for the year falls below the guaranteed revenue times the coverage level selected.

New for 2004, Adjusted Gross Revenue-Lite (AGR-Lite) is a streamlined version of AGR. AGR-Lite is based on average farm revenue calculated from IRS tax forms, but has fewer application and record keeping requirements. In addition, no limitation is placed on the amount of eligible receipts from livestock or livestock products, and there is no requirement to purchase individual crop insurance for covered commodities, such as apples and sweet corn. A drawback of AGR-Lite is the maximum policy liability is capped at \$250,000 which means that the maximum farm revenue covered equals \$512,821. For those farms with higher levels of revenue, AGR is a good alternative.

AGR and AGR-Lite insurance policies are available through private insurance agents. For a list of crop insurance agents in your area, contact the local USDA Farm Service Agency office or log on to the following Risk Management Agency web site: www3.rma.usda.gov/tools/agents/.